



Leicester  
City Council

WARDS AFFECTED:

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

<b>Cabinet</b>	<b>15 January 2007</b>
<b>Council</b>	<b>25 January 2007</b>

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**LEICESTER CITY PCT – FINANCIAL PLAN**

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**Report of the Chief Finance Officer**

**1. Introduction**

1.1 The purpose of this report is to seek members' approval to support the PCT with its two-year financial recovery plan.

**2. Recommendations**

2.1 The Cabinet is requested:

(a) To ask Council for delegated authority to enter into a mutually beneficial financial arrangement with the PCT, which will assist it to deliver its recovery plan and minimise its overspending in 2006/07;

(b) To delegate authority to the Chief Finance Officer, in consultation with the Cabinet lead for Finance, to enter into such an arrangement.

2.2 The Council is recommended to delegate to Cabinet the authority requested above.

**3. Report**

3.1 Leicester City Primary Care Trust (PCT) is one of the Council's key partners in the delivery of services to the city and close collaboration is vital. We are developing strategies for joint working, including single commissioning strategies and joint appointments. Wherever possible, it makes sense to work with the PCT to co-locate health and social care facilities. The LIFT partnership seeks to facilitate such co-location, and the forthcoming review of neighbourhood services will include the PCT as a key strategic partner.

3.2 The Health Service nationally is under considerable financial pressure, with large numbers of trusts reporting overspends in 2005/06 and predicting overspends in the current financial year.

- 3.3 The City of Leicester PCT is one such authority. Newly created from a merger of the East and West Leicester PCTs, it faces an immediate period of financial restructuring to balance its books. At the beginning of the year, overall pressures facing the two previous PCTs amounted to £26m, although much work has taken place to reduce this. The position is, of course, of concern to the Council.
- 3.4 The PCT is working on the production of a recovery plan which will enable it to balance its budget on a recurrent basis by 2007/08. Nonetheless, the trust is required to take all steps it can to minimise its overspending in 2006/07.
- 3.5 The PCT and the City Council are subject to different financial and regulatory regimes. The City Council is in a much better position to undertake multi-year restructuring (if it were ever required to do so) due to the greater flexibility we have to manage our resources. It is on this basis that the Council is able to work with the PCT. Over the longer term, it is hoped that this will be one of a number of ways in which we can jointly exploit funding and other partnership opportunities to benefit the people of Leicester.
- 3.6 The achievement of financial stability by the PCT would be directly beneficial to the Council in terms of our own services as well as our joint objectives. The current position has had an impact on the development of joint strategies to deliver the new models of care needed to manage demand for social care services. These include intermediate care, assistive technology and the Single Assessment Process; and require investment in community based services that the PCT has been unable to make to date.
- 3.7 The present position has also had an impact on the judgement made on the social care function by the Commission for Social Care Inspection, in terms of its capacity to improve. Slow progress in delivering new joint models of care that CSCI have identified as good practice has had a downward effect on that judgement. Continued slow progress has the potential to adversely effect the Council's overall CPA score.
- 3.8 Work is taking place between officers of the Council and the PCT to see what support can be provided to the PCT's present position. The basis of these talks is that any arrangement must not cost us money, or expose us to the risk of losing money.
- 3.9 In practice, support is likely to take the form of utilising City Council funds to meet PCT expenditure, and utilising PCT funds to meet City Council expenditure. There are, of course, limits to the extent to which this can be done. Nonetheless, it is believed that a package could be put together which will exceed either the usual or the current levels of authority granted to officers or the Cabinet to vary the budget. Members are asked to note that this will not tie up funds which could otherwise have been used for Council services.

3.10 If the Council is unable to grant support, there is a risk that the PCT will be forced to make reductions to services instead.

**4. Financial Implications**

4.1 Any financial arrangement entered into will be at no cost to the Council.

**5. Legal Implications (Peter Nicholls, Head of Legal Services, x.6302)**

5.1 Under Section 2 of the Local Government Act, 2000, the Council has power to do anything which it considers likely to promote the economic, social and environmental well-being of the City. These well-being powers can be used to provide the support sought by the PCT. There will be a need for the PCT to demonstrate that it also has legal powers to enter into the arrangement. Legal Services will continue to advise and work closely with our finance team as details of the proposals are being developed.

**6. Other Implications**

<u>Other Implications</u>	<u>Yes/No</u>	<u>Reference or comment</u>
Legal	Yes	Paragraph 5.1 above.
Equal Opportunities	No	
Policy	Yes	Supporting the PCT contributes to the Council's key aim of making Leicester more attractive.... to live in; and supports a number of our key priorities.
Sustainable and Environmental	No	
Crime & Disorder	No	
Human Rights Act	No	
Elderly People/People on Low Income	Yes	Supporting the PCT will assist the local health service to manage its financial recovery more effectively, reducing the scope for any unplanned service impact which could disproportionately impact these groups.

**7. Report Author/Officer to Contact**

**Mark Noble, Chief Financial Officer, Ext. 7401**

4 January 2007

## DECISION STATUS

<b>Key Decision</b>	No
<b>Reason</b>	Policy and Budget Framework
<b>Appeared in Forward Plan</b>	No
<b>Executive or Council Decision</b>	Council